to the State Governments as 100% loan against the earlier practice of routing it through Rural Electrification Corporation (REC) for on-lending the same to the respective State Electricity Boards (SEBs). The liability of repayment will be the responsibility of the State Governments.

(b) and (c) Rural Electrification Corporation (REC) would not be in a position to extend MNP component of loan to those States who are defaulting in repayment of their dues to REC, resulting in slow down in the progress of RE schemes. In order to bring a qualitative change in the approach of the Government towards the funding of the rural electrification works in the country and with a view to accelerate the pace of electrification, the option for releasing the MNP funds directly to the States has been adopted. The increased flow of funds under MNP, it is hoped, would help in accelerating the pace of rural electrification.

Non-payment of dues to DPC

†4331. SHRI KAPIL SIBAL:
SHRI RAJIV RANJAN SINGH 'LALAN':

Will the Minister of POWER be pleased to state:

(a) whether it is a fact that on account of non-payment of its electricity bills, Dabhol Power Company has approached the International Judicial system for recovery of the pending amount of electricity bills upto December, 2000.

(b) if so, what is the reason of approaching the International Judicial system in a case of non-payment of electricity bills in the country;

(c) whether any agreement for approaching the International Judicial system had already been entered with Dabhol Power Company; and

(d) if so, what other terms were accepted in the agreement?

THE MINISTER OF STATE IN THE MINISTRY OF POWER

---

†Original notice of the Question was received in Hindi.

(SHRIMATI JAYAWANTI MEHTA): (a) and (b) Dabhol Power Company has served notices of conciliation and arbitration as per the provisions of the counter guarantee issued by the Government of India, on account of non-payment of its December, 2000 bill by the Maharashtra State Electricity Board (MSEB) and the Government of Maharashtra.

(c) and (d) As per the Government of India (GOI) counter guarantee issued to the Dabhol Power Project on 15.9.1994, arbitration proceedings, if any, arising out of dispute, shall be held in London, England. Clause 13 of the counter guarantee which deals with the "Settlement of Disputes" provides as follows:—

Any dispute or difference (each a "dispute") arising out of or in connection with this Guarantee shall, regardless of the nature of the dispute, be referred to the dispute resolution procedure in this section.

(A) The parties shall first seek an amicable settlement of the disputes by conciliation.

(i) Such conciliation shall take place in accordance with UNCITRAL Conciliation rules (the "Conciliation Rules") as at present in force and shall be conducted by three conciliators (or such lesser number as the parties may agree) to be appointed according to the Conciliation Rules.

(ii) Any meetings with the conciliators shall be held at New Delhi, India.

(iii) Each of the parties hereby gives for the purpose of the conciliation, undertakings and assurances as contained in the Conciliation Rules including an undertaking to promptly deposit its share of advance for payment of the costs as estimated by the conciliators.

(B) Any dispute that remains unresolved in accordance with the procedure outlined above in sub-paragraph 13(a), within sixty days or within such period as may be extended by the parties with mutual consent, shall be resolved by arbitration.

(i) Such arbitration shall be in accordance with the provisions

of UNCITRAL Arbitration Rules (the "Arbitration Rules") as at present in force and shall be conducted by three arbitrators to be appointed according to the Arbitration Rules.

(ii) The arbitration proceedings shall be held in London, England.

(iii) the third arbitrator appointed pursuant to this paragraph shall not be a national of India or of the United States.

(iv) The language of any conciliation and/or arbitration proceedings shall be English.

(v) Amounts due under any arbitration award shall be paid within 30 (thirty) days of the award and interest shall accrue thereafter on unpaid amounts under the award at the rate referred to in paragraph 1 (of the counter guarantee).

(vi) Notwithstanding any other provision of this Guarantee, the law governing this arbitration agreement shall be the law of the place where the arbitration proceedings are held.

(vii) Any award given pursuant to arbitration in London, England, under clause (ii) shall be governed by the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958.

(viii) If any time, there are arbitration awards in favour of the Company under each of this Guarantee and the Government of Maharashtra (GOM) Guarantee which remain unpaid, then any proceedings in India for enforcement, attachment or execution which the Company may initiate with respect to the award under this Guarantee shall be initiated not earlier than 30 (thirty) days after enforcement, attachment or execution is initiated with respect to the award under the GOM Guarantee.